



大成糖業控股有限公司  
GLOBAL Sweeteners Holdings Limited

# 2009 Interim Results Presentation

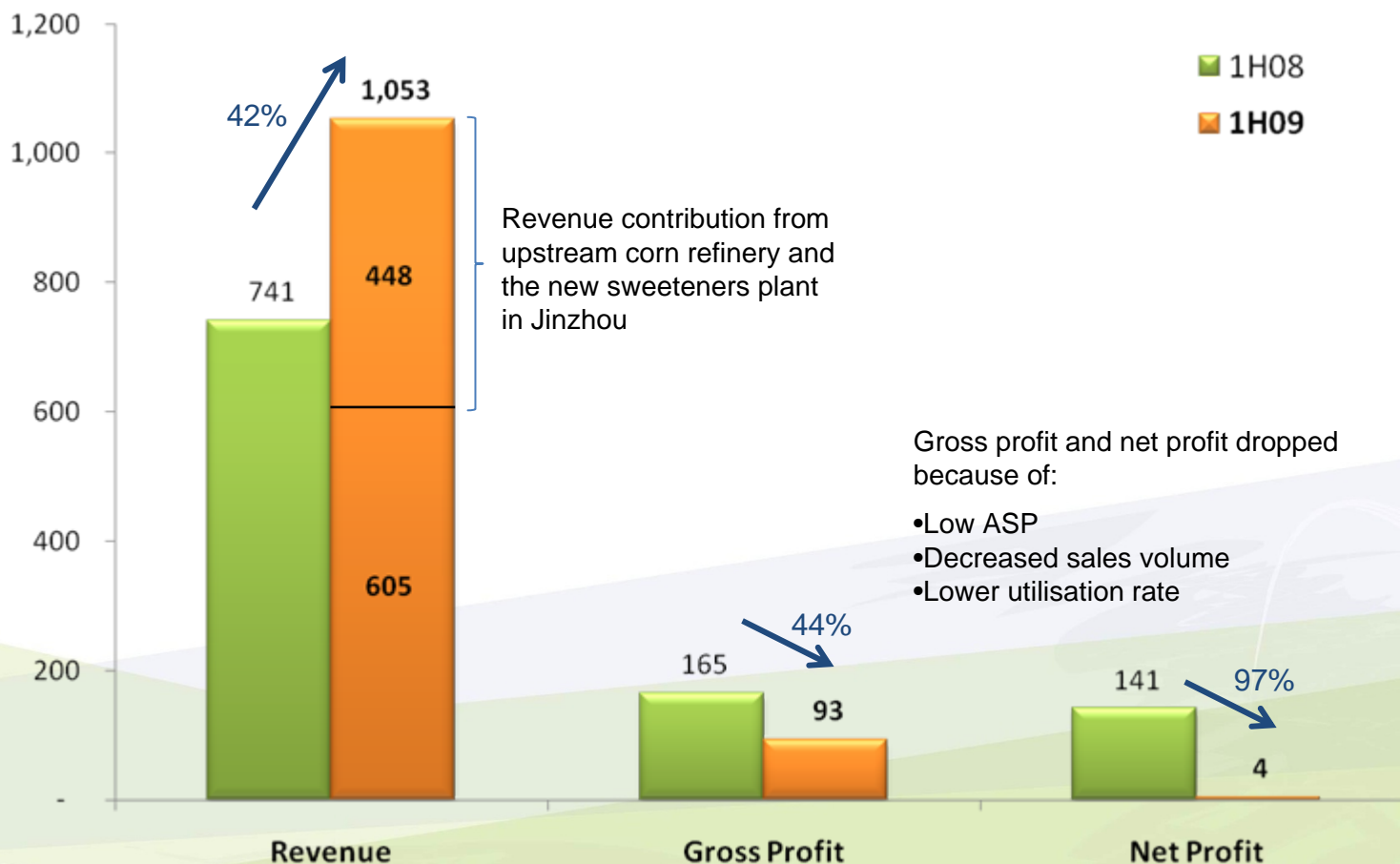
17 September 2009

# AGENDA

- Financial Review
- Operation Overview
- Business Outlook & Development Plans

# RESULTS HIGHLIGHTS

HK\$ million

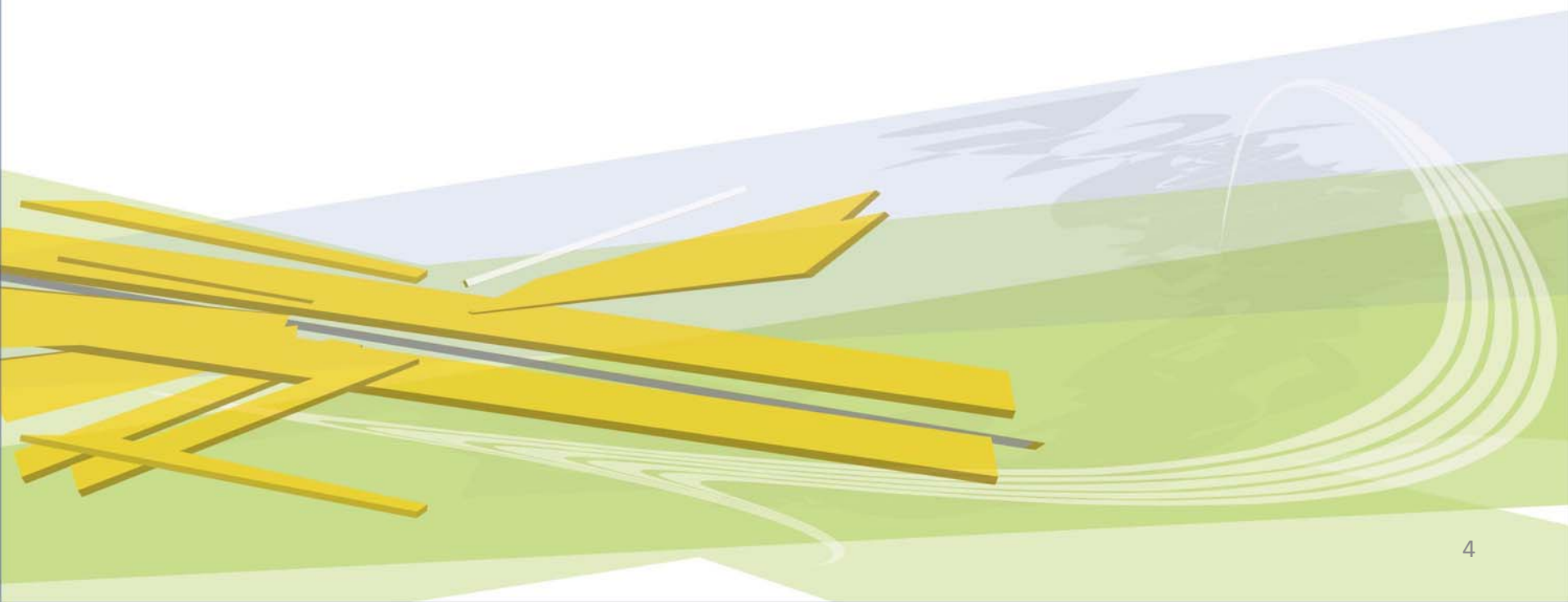


## Highlights on accounting treatment:

Equity account method has been adopted for the Group's jointly-controlled entities. Therefore, the reports in 1H08 are restated.

# **2009 INTERIM RESULTS**

## **Financial Review**



# OPERATING RESULTS

HK\$ million	1H09	1H08 (restated)	Change
<b>Revenue</b>	<b>1,053</b>	741	42.1%
•Corn Refined Products	<b>416</b>	-	N/A
•Corn Sweeteners	<b>637</b>	741	(14.0%)
<b>Gross Profit</b>	<b>93</b>	165	(43.7%)
•Corn Refined Products	<b>29</b>	-	N/A
•Corn Sweeteners	<b>64</b>	165	(61.3%)
<b>Gross Margin</b>	<b>9.0%</b>	22.3%	(13.3%)
•Corn Refined Products	<b>7.0%</b>	-	N/A
•Corn Sweeteners	<b>10.0%</b>	22.3%	(12.3 %)
<b>EBITDA</b>	<b>76</b>	187	(59.1%)
<b>Net Profit</b>	<b>4</b>	141	(97.2%)
•Net Margin	<b>0.4%</b>	19.1%	(18.7%)
<b>Basic Earnings Per Share (HK cents)</b>	<b>0.4</b>	13.5	-
<b>Dividend Per Share – Interim (HK cents)</b>	-	-	-

# BALANCE SHEET

HK\$ million	30 Jun 09	31 Dec 08 (restated)	Change
Non-current Assets	<b>1,596</b>	1,635	(2%)
Current Assets	<b>952</b>	1,042	(9%)
Current Liabilities	<b>930</b>	824	13%
Cash and Bank Balances	<b>278</b>	423	(34%)
Shareholder's Equity	<b>1,536</b>	1,526	(1%)
Interest Bearing Borrowings	<b>403*</b>	622	(35%)

\* To improve the Group's financial position, a bank loan amounted to HK\$200 million has been repaid before maturity during the Period.

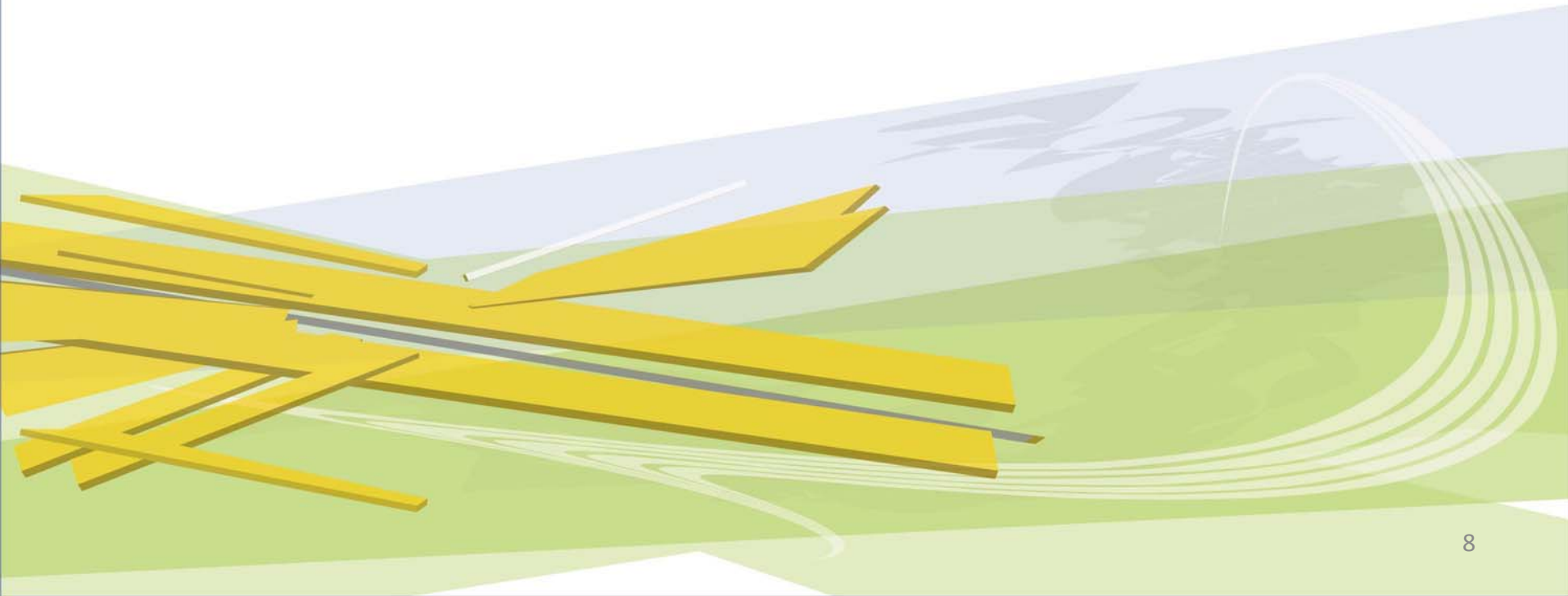
# KEY FINANCIAL RATIOS

HK\$ million	30 Jun 09	31 Dec 08 (restated)
Current Ratio	<b>1.02</b>	1.26
Quick Ratio	<b>0.77</b>	0.97
Gearing Ratio (net debt/equity)	<b>8.1%</b>	13.1%
ROE	<b>0.5%</b>	10.1%
Inventories Turnover Days	<b>45 days</b>	62 days
Trade Receivables Turnover Days	<b>51 days</b>	56 days
Trade Payables Turnover Days	<b>45 days</b>	22 days

\* During the Period, financial position has improved through strengthened cash flow management. As a result, gearing ratio ↓, inventory turnover days ↓ and trade payables turnover days ↑.

# 2009 INTERIM RESULTS

## Operation Overview

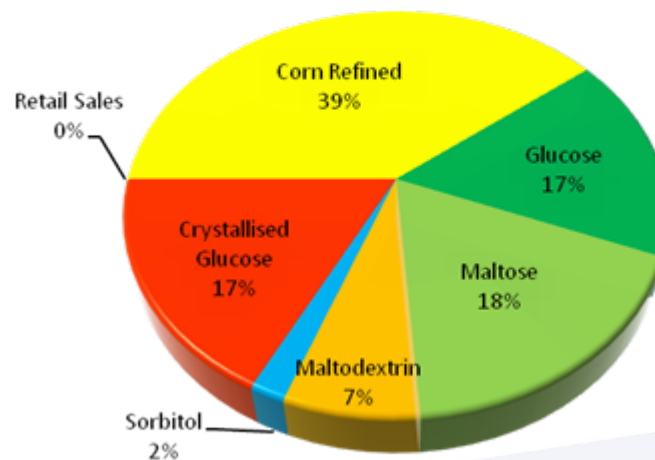




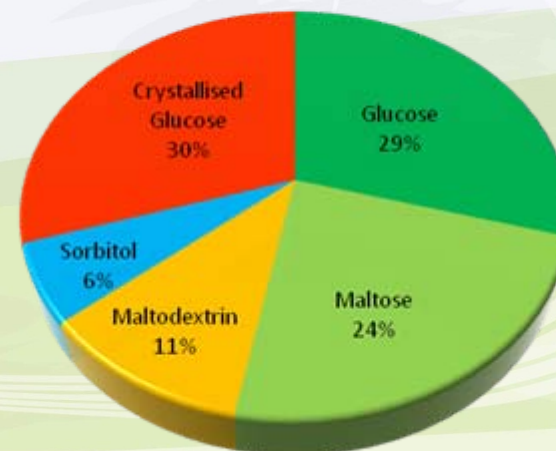
# REVENUE BREAKDOWN

Revenue (HK\$ million)	1H09	1H08 (restated)	Change
<b>Upstream</b>			
Corn Refined Products	416	-	N/A
<b>Downstream</b>			
Glucose Syrup	174	218	(20%)
Maltose Syrup	187	175	7%
Maltodextrin	73	81	(10%)
Sorbitol	19	46	(58%)
Crystallised Glucose	184	221	(17%)
<b>Sub-total</b>	<b>637</b>	<b>741</b>	<b>(14%)</b>
<b>TOTAL</b>	<b>1,053</b>	<b>741</b>	<b>42%</b>

1H09 Turnover by Products



1H08 Turnover by Products



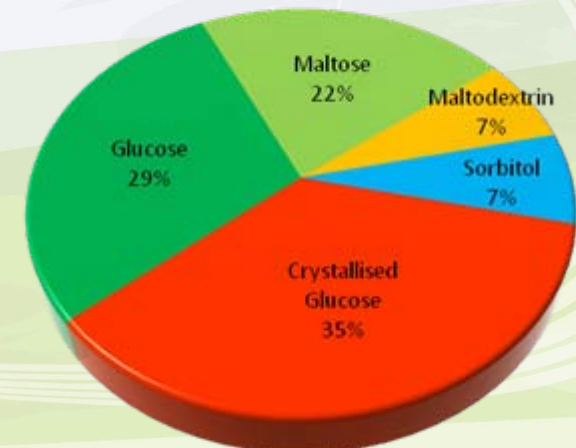
# GROSS PROFIT BREAKDOWN

Gross Profit (HK\$ million)	1H09	1H08 (restated)	Change
<b>Upstream</b>			
Corn Refined Products	29	-	N/A
<b>Downstream</b>			
Glucose Syrup	20	48	(57%)
Maltose Syrup	14	36	(61%)
Maltodextrin	6	11	(48%)
Sorbitol	3	12	(75%)
Crystallised Glucose	21	58	(64%)
<b>Sub-total</b>	<b>64</b>	<b>165</b>	<b>(61%)</b>
<b>TOTAL</b>	<b>93</b>	<b>165</b>	<b>(44%)</b>

1H09 Gross Profit by Products



1H08 Gross Profit by Products



# SALES ANALYSIS

Sales Volume ('000 MT)			Gross Profit Margin			Utilisation Rate <sup>2</sup>		
1H09	1H08	Change	1H09	1H08	Change	1H09	1H08	Change

## Upstream

Corn Refined Products	<b>207</b>	-	N/A	<b>7%</b>	-	N/A	<b>83%</b>	-	N/A
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## Downstream

Glucose Syrup <sup>1</sup>	<b>90</b>	116	(22%)	<b>12%</b>	22%	(10%)	<b>90%</b>	116%	(26%)
Maltose Syrup	<b>87</b>	72	20%	<b>7%</b>	20%	(13%)			
Maltodextrin	<b>31</b>	32	(3%)	<b>8%</b>	14%	(6%)	<b>279%</b> <sup>3</sup>	325%	(45%)
Sorbitol	<b>6</b>	15	(58%)	<b>16%</b>	26%	(10%)			
Crystallised Glucose	<b>120</b>	135	(11%)	<b>11%</b>	26%	(15%)	<b>50%</b>	77%	(26%)
<b>Sub-total</b>	<b>334</b>	370	(10%)						
<b>TOTAL</b>	<b>541</b>	370	46%						

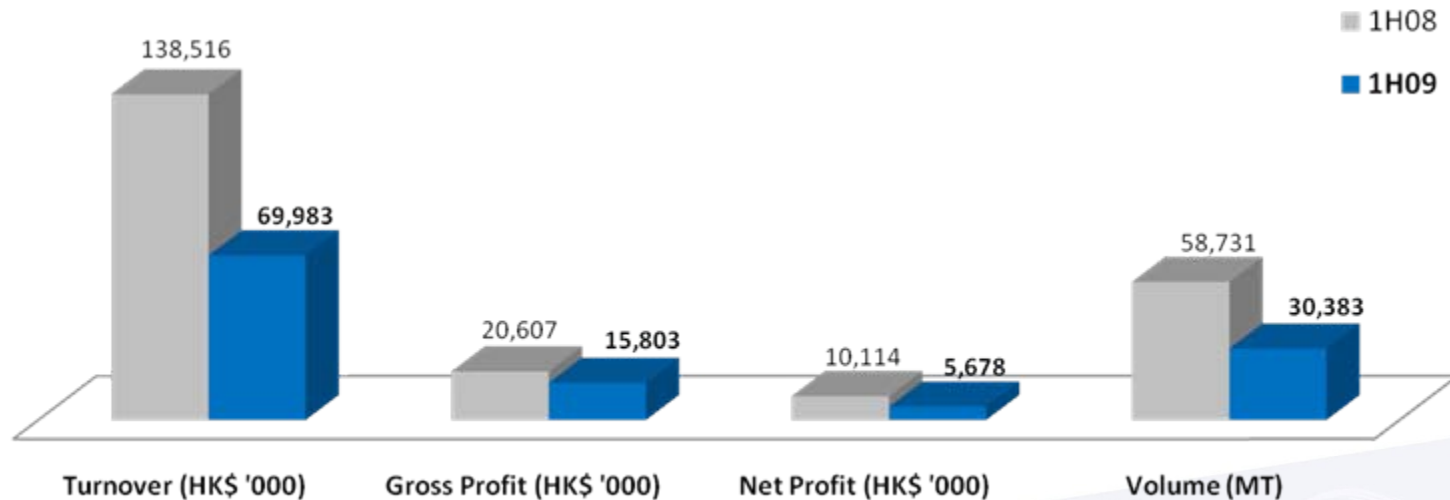
<sup>1</sup> In 1H09, approx. 193,000 MT of glucose syrup (1H08: 168,000 MT) was used as feedstock of other corn sweeteners production.

<sup>2</sup> Due to economic downturn since 2H08, drop in sales volume resulting in lower utilisation rate of the Group's facilities during the Period.

<sup>3</sup> Part of the glucose syrup capacity in Shanghai can be switched to produce maltodextrin. Therefore, actual output could exceed the designed capacity of the facility.

# PERFORMANCE OF JOINT VENTURE

## HFCS Performance Under JV



- Weak sugar prices in 1Q09
- Weak demand from F&B users
- Restructuring of customer base



### YOY Comparison:

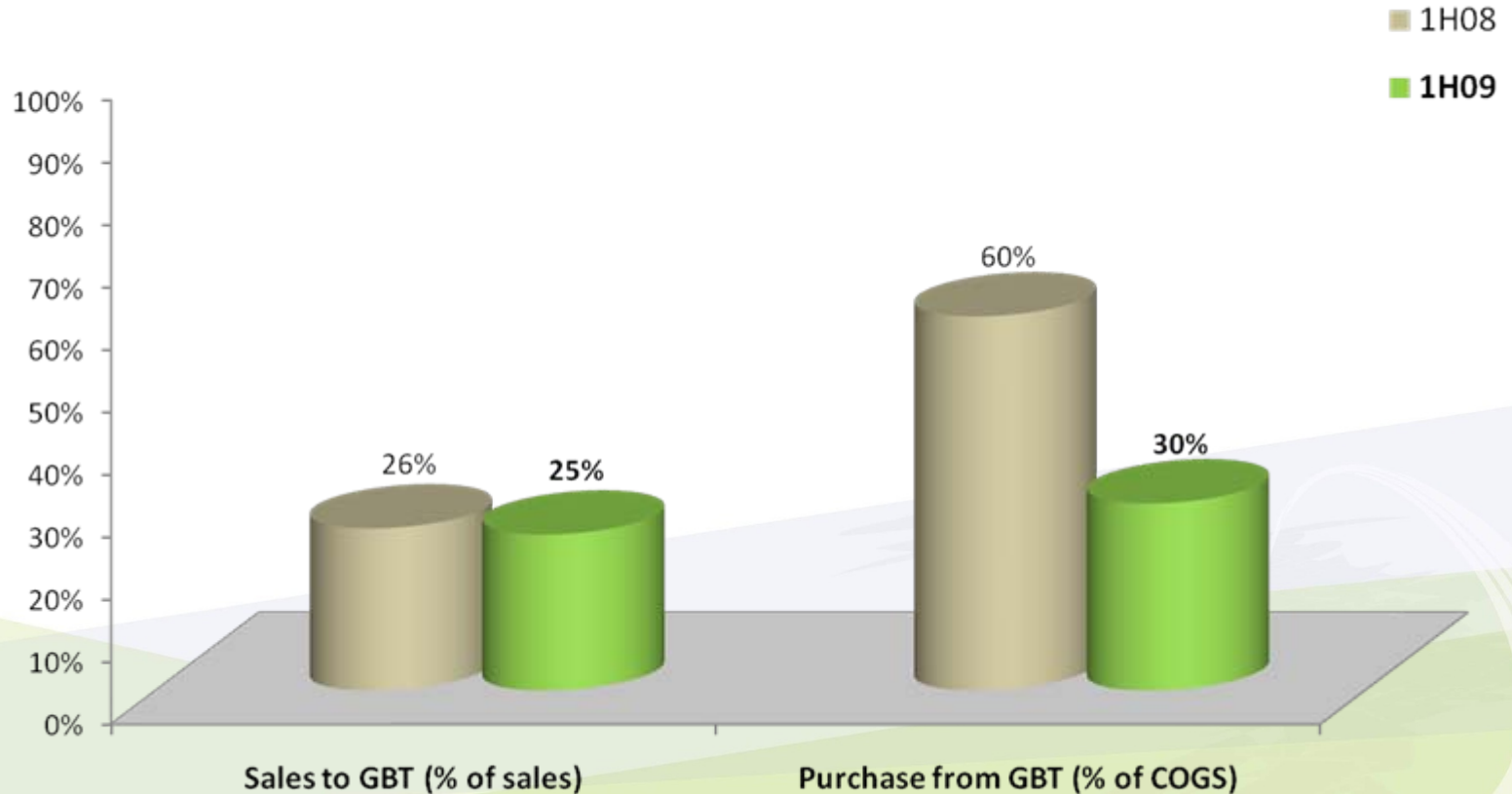
- Volume ↓ by 48%
- Turnover ↓ by 49% ; GP only ↓ by 23%
- **GP Margin ↑ by 8% to 23%**

## OUTLOOK

Sugar price rebound → expect HFCS price to pick up

Recovery of consumer market → expects orders to be gradually normalised and stabilised in 2H09

# REDUCING RELIANCE ON PARENT GROUP

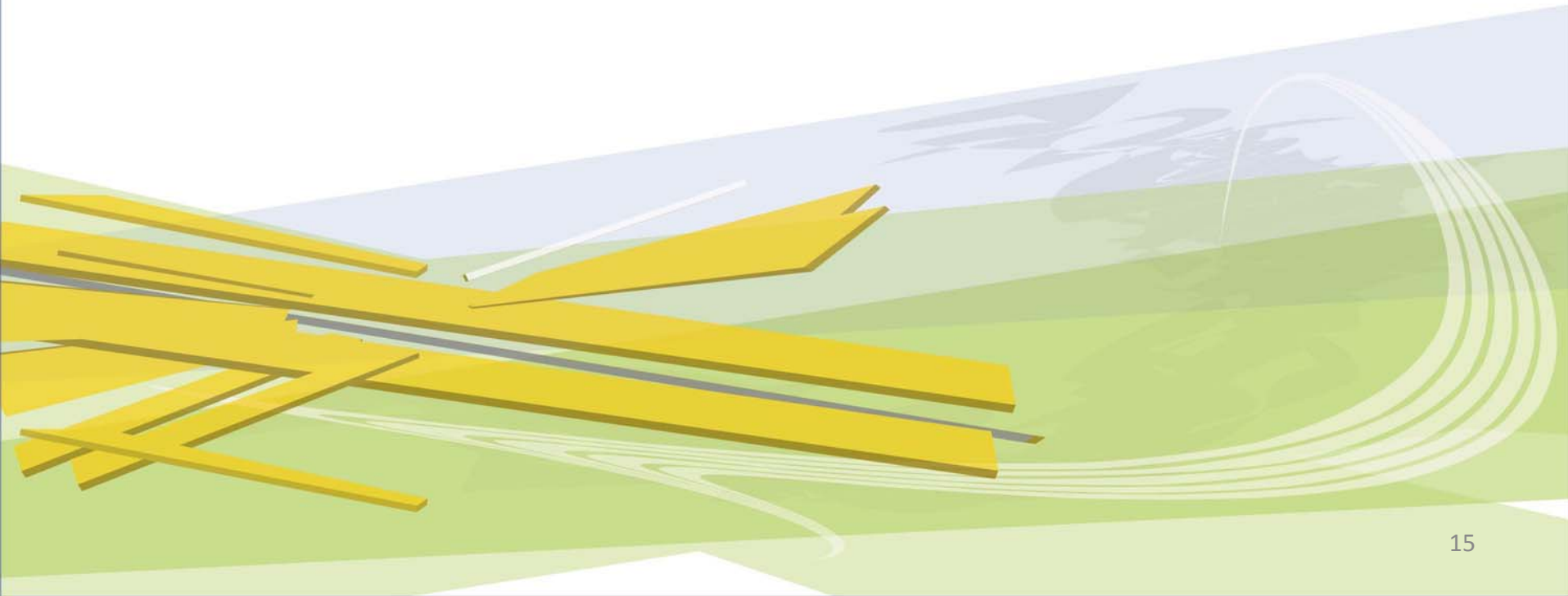


# OPERATING COST STRUCTURE

	1H09	1H08
Raw Material	<b>74.3%</b>	79.9%
Utilities	<b>10.9%</b>	7.2%
Labour	<b>0.6%</b>	0.7%
Depreciation	<b>4.7%</b>	3.6%
Production Overhead	<b>2.5%</b>	1.3%
Selling and Distribution Expenses	<b>4.3%</b>	4.0%
Administrative Expenses	<b>2.7%</b>	3.3%

# **2009 INTERIM RESULTS**

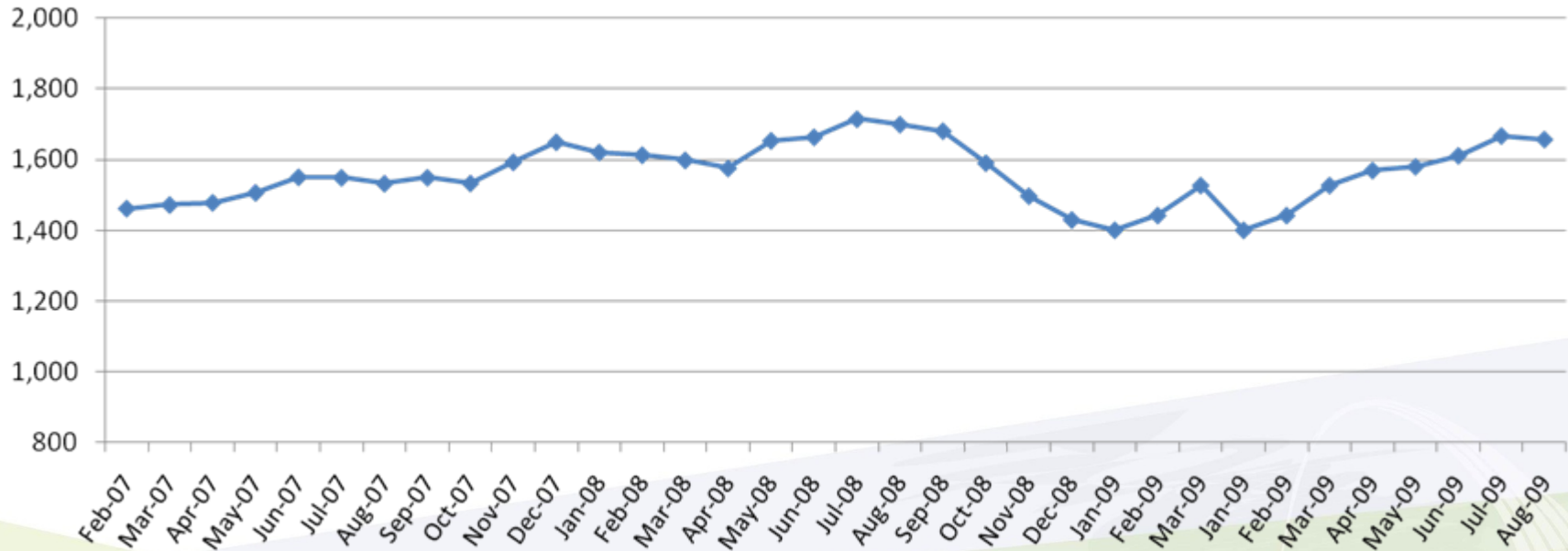
## **Business Outlook & Development Plans**



# UPSTREAM: RAW MATERIAL – CORN

## Corn Price Movement in China (Jan 07 – Aug 09)

RMB/MT

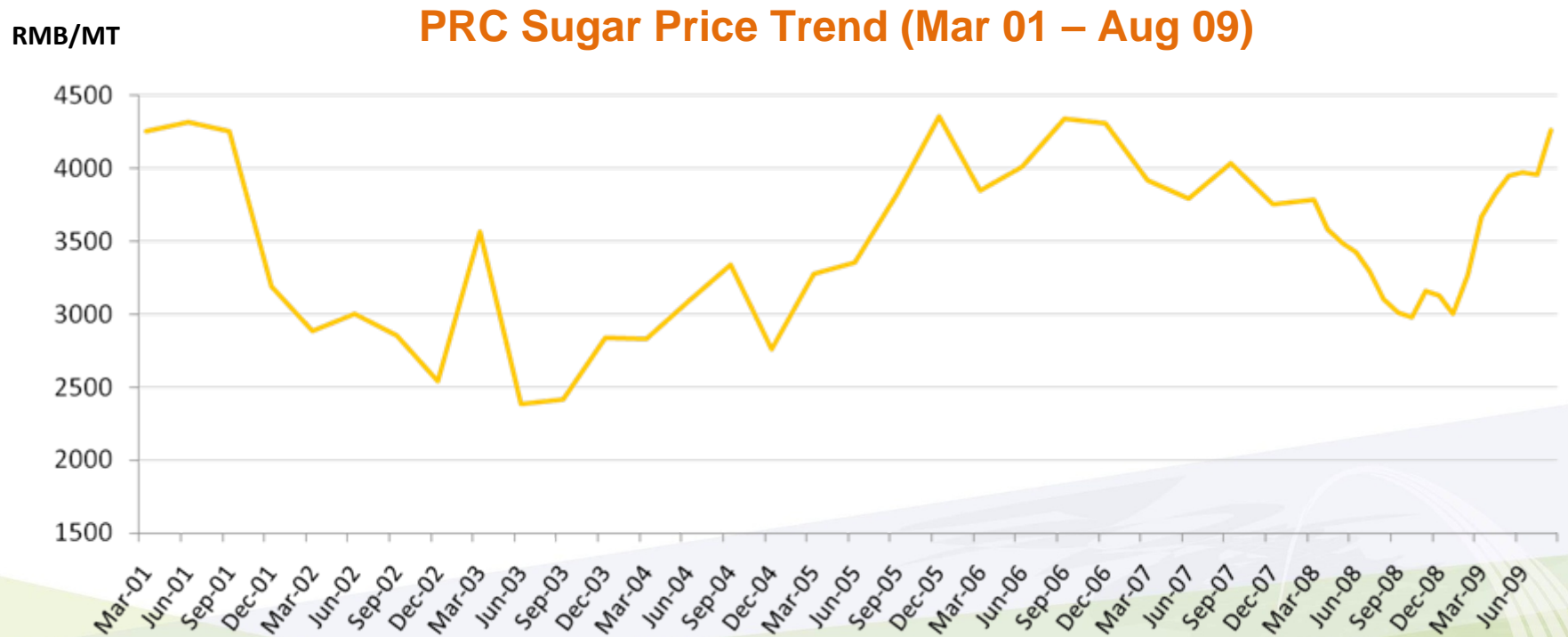


Source: eFeedlink. Based on average price from Northeast China (Jilin, Dalian and Shandong)

- Positive outlook on corn refinery: price recovery since mid-March
- Government subsidies on corn purchase: RMB 150/MT from Aug to Nov 2009  
→ equivalent to 8 – 10% discount



# SUGAR PRICE IN CHINA



Source: [www.ec-sugar.com](http://www.ec-sugar.com)

- ◆ Sugar price rebounded from its lowest (RMB 2,900/MT) to RMB 4,500/MT, expect such increase to be sustainable throughout 2009 and 2010
- ◆ Global cane sugar supply ↓ → optimistic outlook on
  - 1) sugar / corn sweeteners prices
  - 2) sugar / corn sweeteners demand

# CAPACITY EXPANSION OVERVIEW

Designed Capacity (mtpa)	2009	2010	2011
<b><u>Upstream</u></b>			
Corn Starch	420,000	420,000	420,000
Other Corn Refined Products	180,000	180,000	180,000
<b><u>Downstream</u></b>			
Glucose/Maltose Syrup	820,000	820,000	820,000
Maltodextrin	20,000	20,000	60,000
HFCS <sup>1</sup>	120,000	120,000	220,000
Sorbitol	60,000	60,000	60,000
Crystallised Glucose	240,000 <sup>2</sup>	240,000	340,000
<b>TOTAL</b>	<b>1,860,000</b>	<b>1,860,000</b>	<b>2,100,000</b>

<sup>1</sup> JV total capacity: 120,000 mtpa.

<sup>2</sup> The 40,000 mtpa crystallised glucose production line in Changchun to be completed by end of 3Q09 will add up the Group's total crystallised glucose capacity to 240,000 mtpa.

# FUTURE EXPANSION

- With brighter industry outlook, the management is considering resuming the postponed projects in 2010

*Resume Expansion Plan: Growth drivers in coming years*

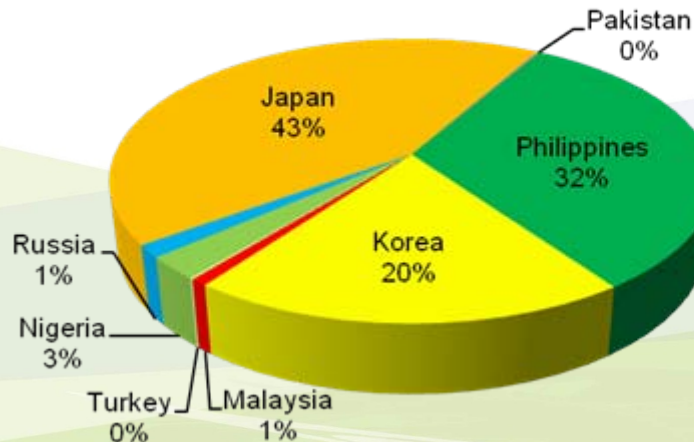
Location	Major Product(s)	Designed Capacity (mtpa)	Expected Investment (HK\$ million)		Construction Commence (Tentative)	Construction Complete (Tentative)
			2010	2011		
Jinzhou	Crystallised Glucose	100,000	100	50	2Q/2010	2Q/2011
Jinzhou	Maltodextrin	40,000	30	20	2Q/2010	2Q/2011
Jinzhou	HFCS	100,000	10	90	4Q/2010	4Q/2011
<b>TOTAL INVESTMENT</b>			<b>140</b>	<b>160</b>		

- Source of funding: internal resources, bank borrowings and other alternatives in capital market

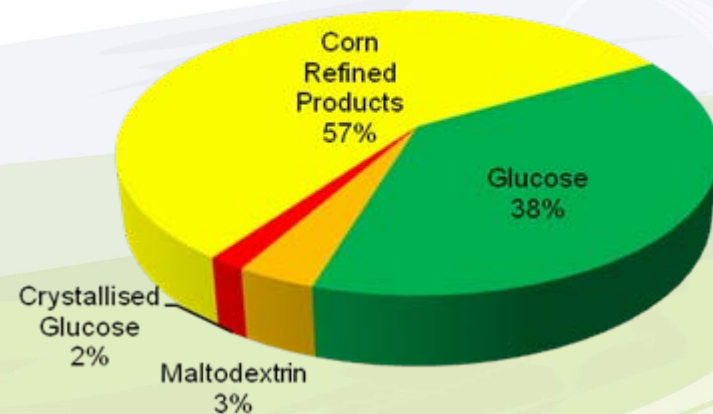
# SALES & MARKETING

- Continue to increase the Group's market share domestically and overseas
  - Exports to turnover: approx. 6% (1H08: approx. 5%);
  - Export volume: approx. 31,000 MT (1H08: approx. 11,000 MT)
- Target: 20% exports to turnover

Exports Breakdown by Region 1H09



Exports Breakdown by Product 1H09



# RETAIL BUSINESS

## Retail Business Update

### ➤ Retail Brand Building



is introduced to end users

- Food Related Products JV  
→ further tapped into retail market

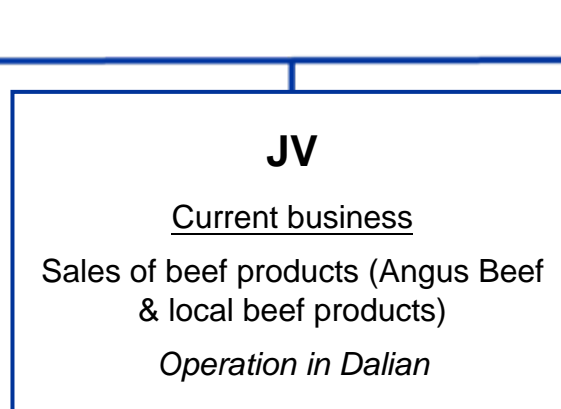
## Development Plans

- Continue to explore packaged sweeteners products retail market
- Expanding sales channels of food products into retail market in China  
→ via supermarket chains  
targeting to ↑ sales spots to 600

# FOOD RELATED BUSINESS



Partner  
(experienced in beef industry)



- Well-established sales channels: working with various supermarket chains including Metro, Wal-Mart, Sam's and Jusco
- Current number of sales spots in the PRC: currently approx. 300 spots across 70 cities (targeting to increase to 600 sales spot by the end of 2010)
- To secure raw material supply, the JV will expand further upstream: purchase of beef cattle and cattle fattening
- Turnover target: 8-10% of the Group's turnover in 2012

# BUSINESS OUTLOOK HIGHLIGHTS

- Economic revival → demand in domestic and overseas market ↑
- Improved utilisation of the Group's existing and new production facilities
- Rebound of sugar price → optimistic outlook on corn sweeteners prices and demand
- Capacity Expansion → future growth driver in coming years
- New profit contributor from new business line

# Company Profile





# CORPORATE MILESTONES

Hao Cheng was established in Shanghai with a designed production capacity of 60,000 mtpa

CDNP (Global-Nikken JV) established to produce sorbitol with a designed production capacity of 60,000 mtpa  
Acquired the 75% interest in Changchun Dihao

Dihao Crystal was established to manufacture crystallised glucose with a designed production capacity of 200,000 mtpa

Acquired the remaining 49% interest in CDNP, which is now a wholly-owned subsidiary of the Group  
Entered into an S&P agreement to acquire Jinzhou Yuancheng (corn refinery) from the GBT Group

Changchun 40,000 mtpa crystallised glucose production line completed  
Set up JV in Dalian for the sales of beef products

1998

2001

2004

2005

2006

2007

2008

2009

GCHF (GBT-Cargill JV) established and was engaged in the manufacture of HFCS with a designed production capacity of 100,000 mtpa

Acquired the remaining 25% interest in Changchun Dihao

Global Sweeteners Holdings Limited was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 20 September

Jinzhou Dacheng with a designed capacity of 200,000 mtpa of liquid glucose and maltose was established  
Corn Essence was established in Shanghai principally for the Group's retail business

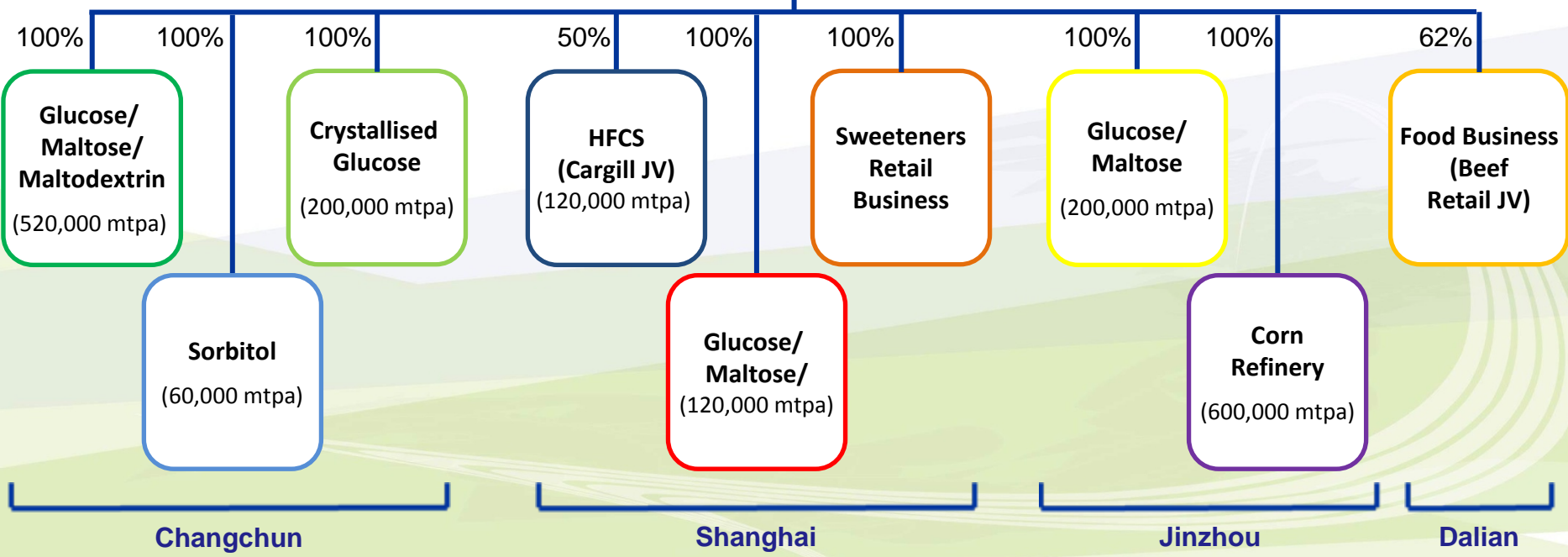
# CORPORATE STRUCTURE



Public

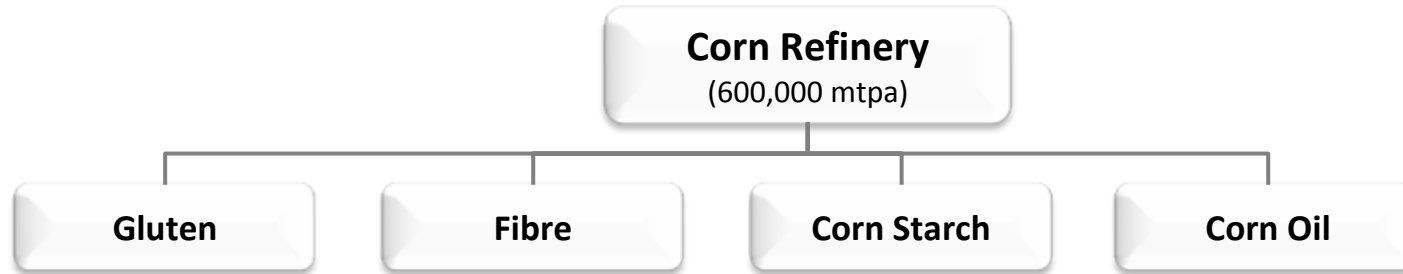
67%

33%



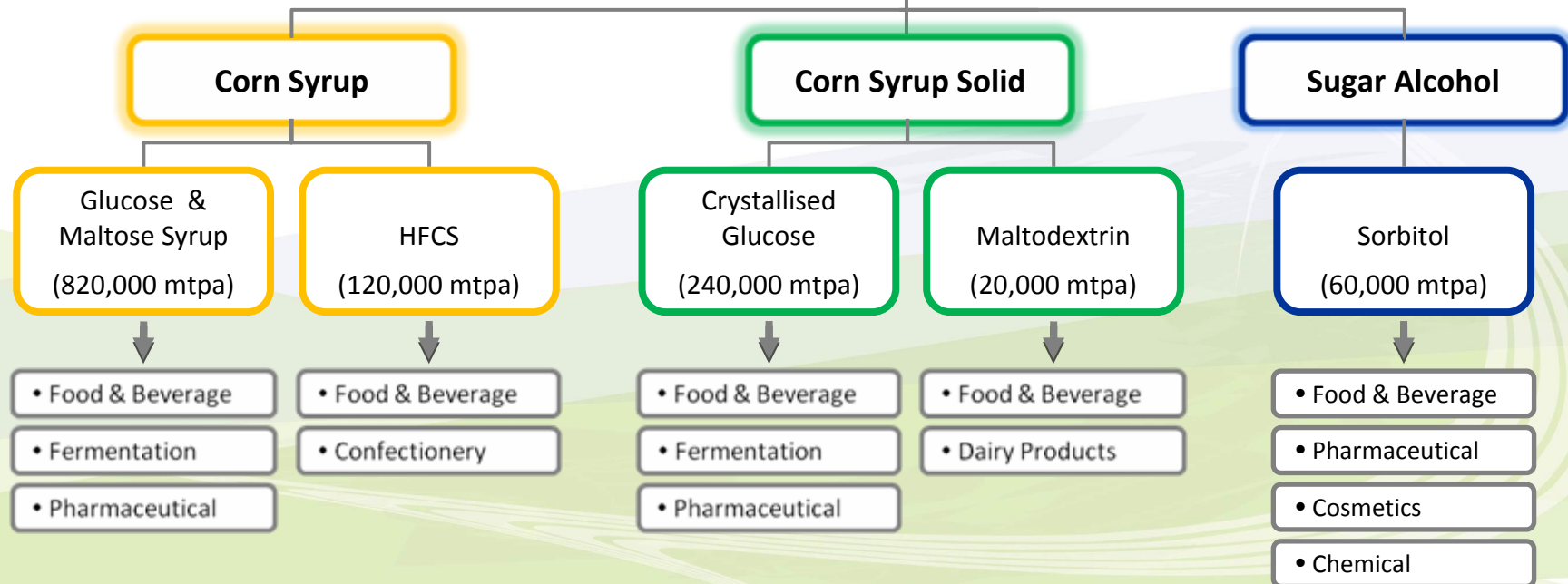
# DIVERSIFIED PRODUCT MIX

UPSTREAM



DOWNSTREAM

## Corn Sweeteners



# GEOGRAPHIC ADVANTAGE

## Changchun Production Facilities

- Production area of about 107,500 sq m
- Located in China's Golden Corn Belt
- Abundant supply of the major production **MATERIAL** at competitive cost

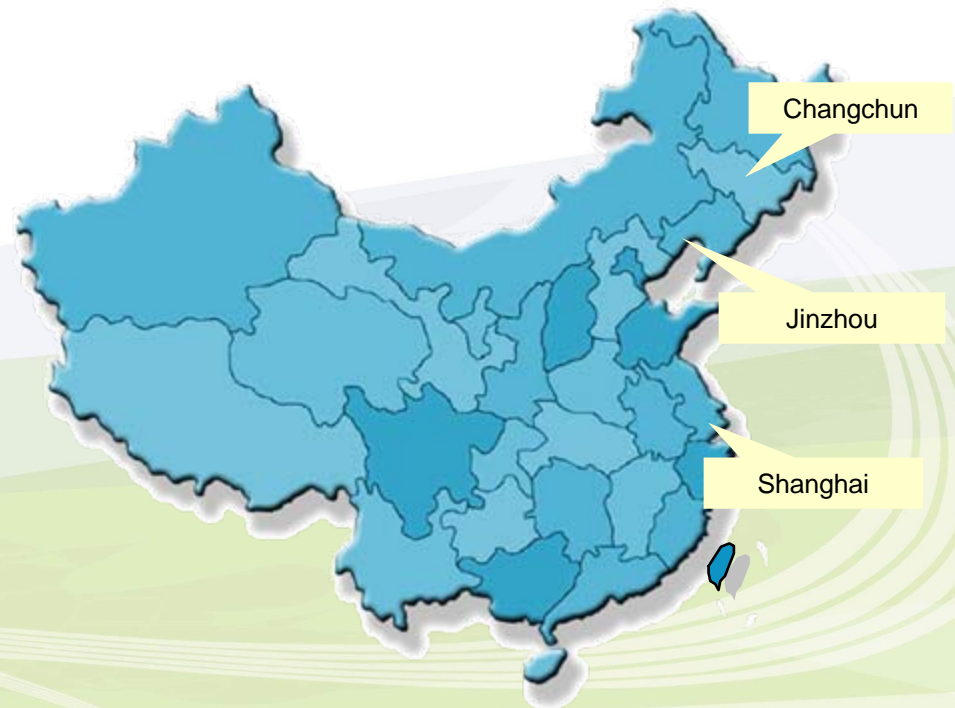
## Jinzhou Production Facilities

- Production area of about 370,000 sq m
- Located in China's Golden Corn Belt
- Abundant supply of the major production **MATERIAL** at competitive cost
- A major traffic hub (next to a deep sea port)

## Shanghai Production Facilities

- Production area of about 30,000 sq m
- Access to **CUSTOMERS** a number of large food and beverage producers in the Yangtze River Delta
- A major traffic hub

Cost Advantage	Changchun	Jinzhou	Shanghai
Corn	√√√	√√√	√√
Coal	√√√	√√√	√√
Transportation	√√	√√√	√√√





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# 2009 Interim Results Presentation

– THE END –